

REFERENCE TITLE: ASRS; survivors; IRS conforming changes

State of Arizona
Senate
Forty-ninth Legislature
First Regular Session
2009

SB 1354

Introduced by
Senator Gould

AN ACT

AMENDING SECTION 38-762, ARIZONA REVISED STATUTES; RELATING TO THE ARIZONA STATE RETIREMENT SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 38-762, Arizona Revised Statutes, is amended to
3 read:

4 38-762. Survivor benefits before retirement; definition

5 A. On the ~~termination of employment by~~ death of any active or inactive
6 member before retirement, the designated beneficiary of the member shall be
7 paid a survivor benefit equal to the sum of both of the following:

8 1. Two times the member's contribution and interest to the defined
9 benefit plan established by this article for credited service that a member
10 earned by working for an employer, plus all contributions and interest made
11 for the purchase of military service, leave without pay or other public
12 service credit.

13 2. The amount of the member's employee account and the member's
14 employer account together with supplemental credits, if any, transferred from
15 the defined contribution program administered by ASRS to the defined benefit
16 program established by this article.

17 B. Subsection A, paragraphs 1 and 2 of this section shall be
18 accumulated at compound interest at a rate determined by the board through
19 the day of the payment of the benefit.

20 C. In lieu of a single payment, a designated beneficiary who is
21 eligible for a survivor benefit pursuant to subsection A of this section of
22 more than five thousand dollars may elect to receive the actuarial equivalent
23 of the survivor benefit pursuant to one of the following options:

24 1. A monthly income for five, ten or fifteen years certain and for
25 life thereafter.

26 2. Another form of optional benefits approved by the board.

27 D. On the death of an active or inactive member who has reached an
28 early retirement date applicable to the member or who has a minimum of
29 fifteen years of credited service and whose designated beneficiary is a
30 spouse, child under the age of twenty-one or handicapped child age twenty-one
31 or older, including a legally adopted child or a stepchild, ASRS shall pay
32 the designated beneficiary a survivor benefit equal to the present value, on
33 the date following the date of the member's death, of the life annuity that
34 would have been payable to the designated beneficiary if the member had
35 retired on the date of the member's death and elected to receive an annuity
36 in the form of a joint and survivor annuity providing the same amount of
37 annuity to the surviving beneficiary as the reduced amount that would have
38 been payable during the lifetime of the member. If there is more than one
39 designated beneficiary under this subsection, ASRS shall determine the amount
40 of the annuity and its present value as if the oldest of the beneficiaries
41 was the sole beneficiary. Payment under this subsection shall be in lieu of,
42 but not less than, any payment under subsection A of this section. Payment
43 under this subsection, at the election of the designated beneficiary, may be
44 made in a single sum or may be made in accordance with subsection C of this
45 section. A beneficiary may not elect this option unless a benefit of

1 twenty-five dollars or more per month is payable to the designated
2 beneficiary or the designated beneficiary's estate.

3 E. If a member dies before distribution of the member's benefits
4 commences, the member's entire benefits shall be distributed within the
5 required distribution provisions of section 401(a)(9) of the internal revenue
6 code and the regulations that are issued under that section by the United
7 States secretary of the treasury as prescribed in section 38-775.

8 F. If a deceased member did not designate a beneficiary or the
9 beneficiary named by a member predeceases the member, ASRS shall pay the
10 member's survivor benefit to the following persons in the following order of
11 priority:

- 12 1. The member's surviving spouse.
- 13 2. The member's surviving children, including adopted children, in
14 equal shares.
- 15 3. The member's surviving parents in equal shares.
- 16 4. The member's estate.

17 G. Any payment pursuant to this section is payment for the account of
18 the member or the member's beneficiary and all persons entitled to payment
19 and, to the extent of the payment, is a full and complete discharge of all
20 liability of the board or ASRS, or both, under or in connection with ASRS.

21 H. For the purposes of this section, "designated beneficiary" means
22 any individual designated by the member as the member's beneficiary.